

Message Text

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15

ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 FEA-01 AGRE-00 CEA-01 CIAE-00

COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-03

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INFO USMISSION GENEVA

USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

C O N F I D E N T I A L BONN 20027

E.O. 11652: GDS

TAGS: EGEN, GW

SUBJ INITIAL CALL ON ECONOMICS MINISTER FRIDERICH

1. BEGIN SUMMARY: IN HOUR-LONG TOUR D'HORIZON ON NOV 26.

ECONOMICS MINISTER FRIDERICH COVERED FRG ATTITUDES

TOWARD TRADE POLICY, CIEC, OIL PRICES, DOMESTIC

ECONOMY, AND NUCLEAR POWER. HE WAS QUITE EXPANSIVE

IN MOOD AND UNBURDENED HIMSELF OF FRUSTRATIONS WITH

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EUROPEAN NEIGHBORS. SEPTELS COVER SUBJECTS OF

MULTI-FIBER ARRANGEMENT, NUCLEAR POWER, AND DOMESTIC GERMAN ECONOMY.

2. RE FOREIGN TRADE POLICY, FRIDERICH'S EMPHASIZED THE IMPORTANCE OF WHAT THE UNITED STATES DOES, TO WHICH I REPLIED THAT THERE WAS EVERY REASON TO EXPECT CONTINUITY AND STEADFASTNESS IN FIGHTING PROTECTIONISM, SINCE IT IS IN OUR OWN INTEREST. THE MINISTER AGREED THAT THE MULTILATERAL TRADE NEGOTIATIONS IN GENEVA DESERVE STRONG SUPPORT.

3. RE CIEC, MINISTER FRIDERICH'S SAID HE UNDERSTOOD THAT MOST IF NOT ALL OF THE EC-9 WOULD PREFER POSTPONEMENT OF THE MINISTERIAL MEETING, TO HOLDING A MEETING AT WHICH NO AGREEMENT COULD BE REACHED. FURTHERMORE, HE BELIEVED THE FRENCH FAVORED POSTPONEMENT AND WISHED TO AVOID ANY ACTION WHICH WOULD HURT GISCARD. MEMBERS OF FRIDERICH'S STAFF POINTED OUT, HOWEVER, THAT THERE WAS SOME SENTIMENT IN THE EC-9 IN FAVOR OF WAITING FOR THE DEVELOPING COUNTRIES TO PROPOSE POSTPONEMENT OF THE CIEC MINISTERIAL MEETING. FRIDERICH'S FELT IT WOULD BE BETTER TO AWAIT THE INAUGURATION OF THE NEW U.S. ADMINISTRATION AND TO OBTAIN THE RESULTS OF THE OPEC OIL PRICE DECISION.

4. RE OIL PRICES, MINISTER FRIDERICH'S EXPLAINED THAT HE HAD BEEN IN TEHRAN FOUR WEEKS AGO AND HAD ENUMERATED PERSONALLY TO THE SHAH THE REASONS WHY AN OIL PRICE INCREASE IS NOT JUSTIFIED. HE HAD TOLD THE SHAH THAT IF THE LATTER THOUGHT BRITISH, FRENCH AND ITALIAN POLITICAL MOVES WERE IMPORTANT IN THE WORLD, THERE SHOULD BE NO OIL PRICE RISE, SINCE ANY RISE WOULD BE ECONOMICALLY CATASTROPHIC FOR THE WEAK EUROPEAN ECONOMIES. FRIDERICH'S ALSO MENTIONED THAT THERE HAD BEEN A DE FACTO RISE OF 5 PERCENT IN EUROPEAN OIL PRICES IN THE LAST FEW WEEKS AS A RESULT OF RUTIONS IN DISCOUNTS. HE PREDICTED A TOTAL OPEC PRICE RISE OF ABOUT 10 PERCENT. IN RESPONSE TO MY QUESTION, FRIDERICH'S DOUBTED WHETHER OPEC WOULD PROPOSE OIL PRICE RISES IN STAGES, BUT SAID THEY

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MIGHT DO SO IF THE CIEC MINISTERIAL IS POSTPONED, AS A MEANS OF KEEPING PRESSURE ON INDUSTRIAL COUNTRIES FOR A "GOOD" CIEC OUTCOME.
STOESSEL

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